

REMARKS

Applicant respectfully requests reconsideration of the instant application in view of the amendments, herein, and the following remarks:

The following claims are *pending*: 1-20.

The following claims are *independent*: 1, 2.

Please *amend* claims 1, 2; although these claims have been amended herein to provide clarification, correct typographical inaccuracies and/or informalities, and/or to better track practical/commercial implementations/practices, Applicant submits that the originally filed claims are patentable and reserves the right to pursue the originally filed claims (as well as any claims dependent therefrom) at a later time and/or in one or more continuation/divisional application(s). Applicant submits that these new claims and/or claim amendments are supported throughout the originally filed specification and that no new matter has been added by way of these amendments.

Claim Rejections - 35 U.S.C. § 103

The Office Action rejected claims 1, 2 under 35 U.S.C. § 103(a) as being unpatentable over US Pub No. 2003/0126069 to Cha (hereinafter "Cha") in view of PR Newswire, "LaBranche & Co. Announces Shelf registration of Shares" (hereinafter "PR Newswire"), and further in view of Jeffrey L. Rubinger, Journal of Taxation. New York: Aug 2002. Vol. 97, Iss. 2, pg 111, 10 pages, "Recent FSAs may provide guidance on taxation of popular hedging/monetization transaction" (hereinafter "Journal of Taxation"). The Office Action rejected claims 4-5 under 35 U.S.C. § 103(a) as being unpatentable over Cha, in view of PR

Newswire, further in view of Journal of Taxation, and further in view of Florida Bar Journal: "IRS starting to challenge popular tax deferral technique (variable prepaid forward contracts)" (hereinafter "Florida Bar Journal"). The Office Action rejected claims 3, 14-15 under 35 U.S.C. § 103(a) as being unpatentable over Cha, in view of PR Newswire, in view of Journal of Taxation, and in further view of Seattle Times, "Starbucks stock helps Schultz buy Sonics" (hereinafter "Seattle Times"). The Office Action rejected claims 6-7 under 35 U.S.C. § 103(a) as being unpatentable over Cha, in view of PR Business Wire (Applicants believe this is a typographical error and should be PR Newswire instead), in view of Journal of Taxation, and further in view of US Pub No. 2002/0133456 to Lancaster et al. (hereinafter "Lancaster"). The Office Action rejected claim 8 under 35 U.S.C. § 103(a) as being allegedly unpatentable over Cha, in view of PR Business Wire (Applicants believe this is a typographical error and should be PR Newswire instead), in view of Journal of Taxation, in view of Lancaster, and further in view of U.S. Patent 7,236,955 to Sugahara (hereinafter "Sugahara"). The Office Action rejected claims 9-10 and 18-20 under 35 U.S.C. § 103(a) as being allegedly unpatentable over Cha, in view of PR Newswire, in view of Journal of Taxation, and further in view of US Pub No. 2992/0103852 (Applicants believe this is a typographical error and should be 2002/0103852 instead) to Pushka (hereinafter "Pushka"). The Office Action rejected claims 11-13 under 35 U.S.C. § 103(a) as being allegedly unpatentable over Cha, in view of PR Newswire, in view of Journal of Taxation, and further in view of U.S. Patent 6,263,321 to Daughtery (hereinafter "Daughtery"). The Office Action rejected claims 16-17 under 35 U.S.C. § 103(a) as being allegedly unpatentable over Cha, in

view of PR Newswire, in view of Journal of Taxation, in view of Seattle Times, and further in view of Sugahara.

Applicant respectfully traverses these rejections and submits that a *prima facie* showing of obviousness has not been made and that the applied references, taken alone or in combination, fail to discuss or render obvious every element of each noted claim(s).

MPEP § 706.02(j) prescribes that a rejection under 35 U.S.C. § 103 should set forth:

- (A) the relevant teachings of the prior art relied upon, preferably with reference to the relevant column or page number(s) and line number(s) where appropriate;
- (B) the difference or differences in the claim over the applied reference(s);
- (C) the proposed modification of the applied reference(s) to arrive at the claimed subject matter; and
- (D) an explanation as to why the claimed invention would have been obvious to one of ordinary skill in the art at the time the invention was made. (MPEP § 706.02(j))

Applicant submits that the rejections in the pending Office Action do not establish at least requirement(s) (A) and/or (B) of a *prima facie* showing of obviousness.

Applicant submits Journal of Taxation does not discuss or render obvious at least the following element(s) as recited, *inter alia*, in independent claim 1:

A method implemented by a programmed computer system, comprising:

...

utilizing a computer to input data regarding the company's election to fix the number of shares associated with the pre-paid forward contract prior to maturity;

utilizing a computer to input a stock price associated with the stock of the company at the time of the election;

utilizing a computer to calculate a number of shares underlying the pre-paid forward contract, based on a formula that

is a function of the stock price at the time of the election and a remaining maturity associated with the pre-paid forward contract;

...

The Office Action asserts the above claimed elements are shown in Journal of Taxation (pages 3-4). The Examiner admits that:

Cha does not disclose utilizing a computer to calculate a number of shares underlying the pre-paid forward contract, based on a formula that is a function of a then-current stock price and a remaining maturity associated with the pre-paid forward contract; (Office Action, pages 3-4).

However, the Examiner attempts to remedy this deficiency in Cha by relying on Journal of Taxation and alleging that:

Journal of Taxation discloses calculating a number of shares underlying the pre-paid forward contract, based on a formula that is a function of a then-current stock price and a remaining maturity associated with the pre-paid forward contract; (Office Action, p. 5).

Applicant disagrees with the Examiner's characterization of the cited reference.

Instead of the Examiner's assertions, Applicant submits that Journal of Taxation essentially discusses *economics of entering into a five year variable prepaid forward contract (VPFC)*. Journal of Taxation discusses, "a VPFC is a privately negotiated agreement between an individual taxpayer who owns shares of appreciated stock and a counterparty," (Journal of Taxation, p. 1). In Journal of Taxation, the number of shares due at contract maturity is calculated based solely on the value of the stock on the maturity date. For example, Journal of Taxation discusses "by entering into the VPFC, Bob has in effect agreed to sell a certain number of his BCo shares to Big Bank, the exact number of which will

depend on the value of the stock's trading value when the contract matures," (Journal of Taxation, p. 3). Further, Applicant notes that the example calculations in Journal of Taxation are based on the price "...at the end of five years BMCo is trading at...", (Journal of Taxation, p. 3).

Accordingly, Applicant submits that Journal of Taxation's discussion of *economics of entering into a VPFC* is different from at least the claimed "utilizing a computer to input data regarding the company's election to fix the number of shares associated with the pre-paid forward contract prior to maturity," and "utilizing a computer to calculate a number of shares underlying the pre-paid forward contract, based on a formula that is a function of the stock price at the time of the election and a remaining maturity associated with the pre-paid forward contract" as recited in claim 1. Similarly, Applicant submits that PR Newswire's *article announcing a filing of an S-3 registration statement* fails to remedy the deficiencies identified above in Cha and Journal of Taxation with regard to independent claim 1. For at least the reasons discussed above, Applicant submits that the pending rejection has mischaracterized the language of the claim element and/or the applied reference(s) and, thus, has not established a *prima facie* case of obviousness.

The MPEP prescribes that, "when evaluating the scope of a claim, *every limitation in the claim must be considered*," (§ 2106 II(C), emphasis added) and, "*All words* in a claim must be considered in judging the patentability of that claim against the prior art." (§ 2143.03, emphasis added). Applicant submits that the pending rejection has failed to consider "every limitation in the claim" and "[a]ll words in [the] claim" in judging the

patentability of the claim against the prior art by mischaracterizing claim elements and/or over-generalizing the applied reference(s).

Accordingly, by neglecting and/or mischaracterizing claim elements, Applicant submits that a *prima facie* showing of obviousness has not been established and thus the applied reference(s) do not discuss or render obvious at least these claimed elements. As such, Applicant respectfully requests reconsideration and withdrawal of this basis of rejection and allowance of the claim(s). Should the Examiner maintain the rejection, Applicant respectfully requests that the Examiner provide specific citations and explanations describing how each and every element of the pending claims are allegedly rendered obvious by the cited reference, providing indications of specific, alleged correspondences between claim elements and cited portions of the applied reference.

Although of different scope than claim 1, Applicant submits that claim 2 is patentable over Cha in view of Journal of Taxation, and further in view of PR Newswire, taken alone or in combination, for at least similar reasons as discussed above identifying deficiencies in the applied references with regard to independent claim 1. For example, independent claim 2 recites, *inter alia*, "...the number of shares of stock being calculated based on a formula that is a function of a stock price at the time of the company's election to fix the number of shares associated with the pre-paid forward contract prior to maturity and a remaining maturity associated with the pre-paid forward contract." Applicant respectfully submits that at least these claim elements from independent claim 2 are not discussed or rendered obvious by Cha, which discusses automatic ordering method for trading securities, or by Journal of Taxation, which discusses economics of entering into a VPFC, or by PR Newswire, which

discusses a filing of an S-3 registration statement, taken alone or in combination. Accordingly, Applicant respectfully requests reconsideration and withdrawal of this basis of rejection.

Although different in scope, Applicant submits that claims 3-20, which depend directly or indirectly from independent claim 2, are also not discussed or rendered obvious by Journal of Taxation and the other references taken alone or in combination, for at least similar reasons as those discussed above identifying deficiencies in the applied references with regard to the independent claims (e.g. none of the above references overcomes the deficiencies of Journal of Taxation nor do they teach "...the number of shares of stock being calculated based on a formula that is a function of a stock price at the time of the company's election to fix the number of shares associated with the pre-paid forward contract prior to maturity and a remaining maturity associated with the pre-paid forward contract," as recited in claim 2). Accordingly, Applicant respectfully requests reconsideration and withdrawal of this basis of rejection.

CONCLUSION

Consequently, the reference(s) cited by the office action do not result in the claimed invention, there was/is no motivation, basis and/or rationale for such a combination of references (i.e., cited references do not teach, read on, suggest, or result in the claimed invention(s)), and the claimed inventions are not admitted to be prior art. Also, Applicant does not accept, acknowledge, and/or concede any Official Notice taken in the Office Action. Thus, the Applicant respectfully submits that the supporting remarks and claimed inventions, claims 1-20, all: overcome all rejections and/or objections as noted in the office action, are

patentable over and discriminated from the cited reference(s), and are in a condition for allowance. Furthermore, Applicant believes that the above remarks, which distinguish the claims over the cited reference(s), pertained only to noted claim element portions. These remarks are believed to be sufficient to overcome the prior art. While many other claim elements and/or bases for rejection were not discussed as they have been rendered moot based on the above amendments and/or remarks, Applicant asserts that all such remaining and not discussed claim elements and/or bases for rejection, all, also are distinguished over the prior art and reserves the opportunity to more particularly traverse, remark and distinguish over any such remaining claim elements and/or bases for rejection at a later time, should it become necessary. Further, any remarks that were made in response to an Office Action objection and/or rejection as to any one claim element, and which may have been re-asserted as applying to another Office Action objection and/or rejection as to any other claim element(s), any such re-assertion of remarks is not meant to imply that there is commonality about the structure, functionality, means, operation, and/or scope of any of the claim elements, and no such commonality is admitted as a consequence of any such re-assertion of remarks. As such, Applicant does not concede that any claim elements have been anticipated and/or rendered obvious by any of the cited reference(s) and/or any Official Notice. Accordingly, Applicant respectfully requests reconsideration and withdrawal of the rejection(s) and/or objection(s), and allowance of all claims.

Authorization

Applicant hereby authorizes and requests that the Commissioner charge any additional fees that may be required for consideration of this and/or any accompanying and/or necessary papers to Deposit Account No. 03-1240, Order No. 17209-506. In the event that an extension of time is required (or which may be required in addition to that requested in a petition for an extension of time), Applicant requests that the Commissioner grant a petition for an extension of time required to make this response timely, and, Applicant hereby authorizes and requests that the Commissioner charge any fee or credit any overpayment for such an extension of time to Deposit Account No. 03-1240, Order No. 17209-506.

In the event that a telephone conference would facilitate examination of the application in any way, Applicant invites the Examiner to contact the undersigned at the number provided.

Respectfully submitted,
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Dated: December 30, 2009

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